

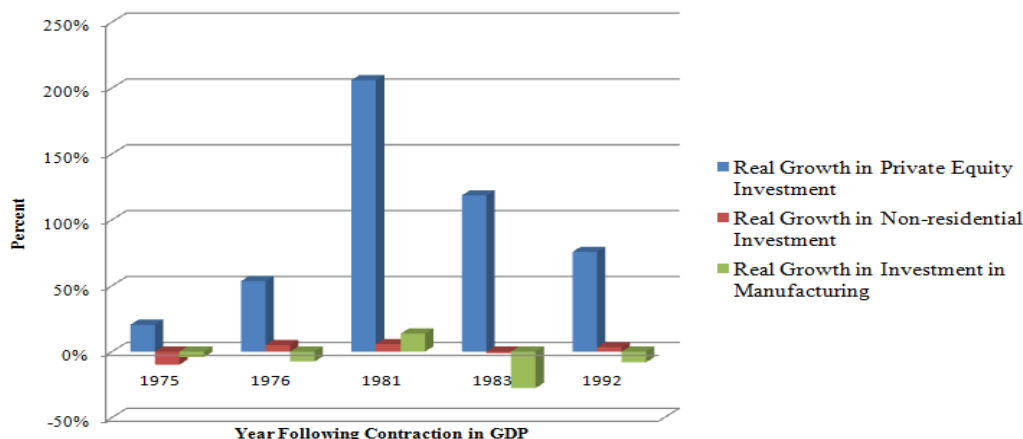
Private Equity and Economic Recoveries

Key Fact

Private equity investment plays a critical role in leading the country out of recession. In fact, private equity funds are the first money in during the early stages of an economic recovery, even as total business investments continue to decline for up to two years into the recovery. With \$472 billion in investible capital now in reserve, private equity is well-suited to play a catalytic role in bootstrapping today's struggling economy.

- According to data collected by economist Dr. Robert Shapiro, following the past five periods of negative economic growth in the U.S. (1974, 1975, 1980, 1982 and 1991), real private equity investment increased by an average of 94 percent during the initial year of recovery – substantially stronger than either overall business investment or private investment in manufacturing.
- Real private equity investment grew in all five years of initial recovery, while total real business investment continued to decline in two of those five years and real investment in manufacturing continued to fall in four of those five years.

Emerging From Recession: Investment Patterns



- The number of private equity acquisitions grew by an average of 55.1 percent in each of the five years following an annual decline in GDP. The increased number of private equity acquisitions suggest that private equity retains access to capital during economic downturns and initial recoveries and that more companies actively seek private equity funding during tough times.

Year Following	1974	1975	1980	1982	1991
Changes in Number of Private Equity Acquisitions	38%	68%	60%	63%	47%